

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
Washington 25, D. C.

Over - review

February 3, 1953

My dear Mr. Secretary:

One of the first and most important tasks of our new administration is to review the 1954 Budget and to proceed toward the accomplishment of a balanced budget.

This review will take the initial steps toward that goal; will establish in definitive form how far we can go in that direction in the fiscal year 1954; and set the stage for the fiscal year 1955. It should help to identify issues that will be significant in the formulation of the budget for that year.

The problem is complicated by inheritance of the costs of a Federal debt of more than \$265 billion; indicated deficits for the fiscal years 1953-1954 totaling \$15.8 billion; and accumulated unexpended balances of appropriations in excess of the total new obligational authority requested for fiscal year 1954.

It is clear that this situation will not be brought under control without action to reduce budgetary obligational authority, reduce the level of expenditures, critically examine existing programs, restrain commitments for new programs, and generally to drive for greater efficiency and reduced costs.

In this review the policies shall be as follows:

With respect to personnel: It is the policy to reduce the number of Government employees. Each department or agency head shall immediately restrict the hiring of additional personnel. No vacancies shall be filled until the department or agency head shall have determined to his satisfaction that:

- a. The positions represented by vacancies cannot be eliminated.
- b. Existing employees cannot be shifted to cover the vacancies.
- c. Increased efficiency, better utilization of personnel, or changes in standards and policies of department or agency operation will not make possible the attainment of a and b above.

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• It is the policy to achieve a progressive reduction of personnel for the remainder of the fiscal year 1953 and for the 1954 Budget. Variations from this policy, as applied to individual departments and agencies, will be granted by the President in his review of the 1954 Budget only upon specific request and adequate justification by the department or agency head.

With respect to construction: It is the policy to proceed only with those projects which are deemed clearly essential in terms of the objectives of this administration and on such projects to employ the strictest standards of economy. Each department and agency head is therefore directed to:

- a. Review all proposed or authorized construction projects on which work has not yet begun, and to propose initiation of construction during the remainder of the fiscal year 1953 and the fiscal year 1954 only on those projects which he determines meet the above criteria.
- b. Review all going construction projects in the light of the above criteria and take such action as he may deem appropriate, including action to stop the work.

With respect to all programs: It is the policy to operate at a minimum level of cost and expenditures. This policy requires that the necessity for all work be questioned and that action be taken to eliminate unnecessary programs and to hold the remainder to minimum levels. Each department and agency head is therefore directed to:

- a. Permit no increases over the January rate of obligations except on complete justification and specific approval, unless such increases are clearly necessary to meet requirements fixed by law.
- b. Initiate an immediate review within his department or agency calling for recommendations on the downward adjustment of program levels and for information as to the probable effect of such adjustments on Government services.

The results of these reviews should be used wherever possible in the 1954 Budget revision procedure and in the preparation of submissions for the 1955 Budget.

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You are expected to translate these guides into proposals for specific revisions of the budget figures for your department or agency and to transmit them to this office in the form indicated in the attachment. Your proposals should be received by this office on or before March 2, 1953.

Pending the receipt of your recommendations and the President's decisions on proposed revisions of the 1954 Budget, any significant deviation from these policies and criteria shall be reported to the Bureau of the Budget.

Your recommendations pertaining to the 1954 Budget also should indicate the possibilities of making further changes in subsequent budgets where you propose that legislation now in effect be amended or repealed. Where your budget review indicates the desirability of a change in legislation, a draft bill or other proposal for action should be submitted for appropriate clearance as promptly as possible.

Legislative proposals, originating either in Congress or in your department or agency, which would affect financial requirements of your department or agency, should be reviewed in the light of the budget policies set forth above.

The recommendations which you make in response to this letter, like all other budget estimates, are in the nature of advice for the President, and are highly confidential prior to the time that the President formally has acted thereon.

Sincerely yours,

(Signed) Jos. M. Dodge

Director

The Honorable

The Secretary of _____

Attachment

TECHNICAL INSTRUCTIONS FOR REPORTING ON
SPECIAL REVIEW OF THE 1954 BUDGET

Each agency will submit five sets of the following material on 8 x 10 $\frac{1}{2}$ sheets:

1. Summary Table. There should be a table for the department as a whole, similar in form to the attached. Except for the last entry in the lower right hand portion of the page, the figures on this form should be based upon existing legislation, and they must be consistent with the figures on the detailed pages which follow. Changes which are dependent upon legislative proposals will be summarized on the line provided in the lower right portion of this table, will be excluded from the material described in paragraphs 2 to 6 below, and will be detailed on separate pages as described in section 7 below.

2. Lead-off Page for Each Appropriation or Fund. There should be a page for each appropriation, other budget authorization, and revolving fund, similar in form to the attached. Expired appropriations, working funds, and any other budget accounts may be combined in a single page. Trust funds and deposit funds may be omitted, except that there shall be a page for any limitation payable from a trust fund.

The appropriation line will show only one figure for both columns for 1953. However, the other lines will compare the 1953 figures in the 1954 Budget with the revisions now proposed. The second line will be used to show either supplemental appropriations (+) or savings which will lapse at the end of the year (-), whichever the case may be.

The "Analysis of Reductions for 1954" should follow the activity classification of the Budget, so far as practicable, with a single sum for reimbursable work, and a single sum for construction. For each activity the stub entries should identify briefly the factor or factors leading to the change.

3. Explanation, other than construction items. Immediately following the lead-off page for each appropriation or fund, an explanation should:

- a. Explain briefly the reductions in monetary authorizations and in personnel, as shown on the individual lines of the analysis in the lower half of the lead-off page for each appropriation. Indicate how it was determined that these reductions are the most which can be proposed at this time.
- b. Account for changes in expenditure estimates for any appropriation or fund where the change is over \$10,000,000. This should generally follow the pattern of the regular expenditure analysis sheets (section 52 of Circular No. A-11) or, in the case of revolving funds, the statement of source and application of funds (section 57 of Circular No. A-11).

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4. Explanation of construction items. Estimates pertaining to direct Federal construction should be broken down in the explanation as follows (using the definition of a "project" as found in Budget Circular No. A-11):

	<u>In Budget</u>	<u>Revised estimate</u>	<u>Change</u>
A. Projects not yet started:			
(1) Proposed in the 1954 Budget for starts in 1954			
(2) Authorized and appropriated for starts in 1953			
B. Going projects:			
(1) Appropriated for starts in 1953			
(2) Other projects now less than 20% complete			
(3) Other projects on which changes are proposed			
(4) All other projects			
Totals			

Projects should be listed individually under every category except B(4). Following this list, each project which has been shown separately should be discussed in the explanation.

5. Language Changes (other than Appropriation Amounts). Appropriation language sheets should be submitted only when necessary to effect changes, other than the amounts of appropriations, which are required to effectuate the revisions recommended in the submission. The language sheets should use the Printed Budget language as a base and show changes therefrom in the usual manner (section 33 of Budget Circular No. A-11).

6. Substantial Changes in Receipt Estimates. A table should be submitted for each agency following the form of the regular receipt statements (section 24 of Circular No. A-11), showing changes in estimates of miscellaneous receipts where the change for a bureau or agency totals more than \$10,000,000.

7. Changes Relating to Legislative Proposals. Where additional changes in appropriations, expenditures, or receipts are dependent upon amendments to the laws or new legislation, a separate section of the

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submission should give full information thereon, including for each proposal:

- a. A summary of the purpose and character of the legislative proposal.
- b. A statement of its current status, giving reference to bill numbers if it has been introduced in Congress, or the dates of submission to the Bureau of the Budget if it is in the legislative clearance process, or the target date for submission to the Bureau of the Budget if it is not yet ready for clearance. Where no 83rd Congress bill has been introduced but it is expected that a bill identical with or similar to an 82nd Congress bill will be introduced, please give number of 82nd Congress bill.
- c. A statement indicating the appropriations or funds affected, and the probable change for fiscal year 1954 in the amounts of appropriations, obligations, expenditures, reimbursements, and receipts. If it is likely that such legislation will not be enacted in time to be effective for the full year 1954, information should be submitted showing both the effect for the fiscal year 1954 and the effect for a full fiscal year.

8. Additional data. The submission shall include such special statements, tables, or additional information as may be requested by Bureau of the Budget representatives.

2-2-53

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SPECIAL REVIEW OF THE 1954 BUDGET

(For Each Appropriation)

Agency _____

Date of submission _____

Bureau _____

Appropriation or fund _____

(000s omitted for dollar amounts)

Summary for appropriation or fund	1953		1954		Change from Budget
	In Printed 1954 Budget	Revised Estimate	In Printed Budget	Revised Estimate	
Appropriation [or other authorization]	\$		\$	\$	\$
Supplemental appropriation (+) or savings (-) for 1953 \$		\$
Add'l sums available for obligation (bal., reimb., etc.)					
Average employment					
Ol cost					
Expenditures, net					

1954 revised estimate of obligations for operations, other than construction (including reimbursable operations) \$	12 times the Jan. 1953 obligation rate for operations, other than construction (including reimbursable operations) \$	Difference between foregoing figures \$
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ANALYSIS OF REDUCTIONS FOR 1954	Reduction from 1954 Budget in	
	Appropriations (or other authorizations)	Average employment
Activity A _____: Increase in efficiency and manpower utilization Reduction in travel and other objects supporting personnel	\$
Activity B _____: Reduction in program workload	
Activity C _____: Reduction in loans and grants		
Activity D _____: Elimination of programs	
Reimbursable work		
Construction		
Total reductions proposed	\$	

This wording is only an example. Sub-
mission should show activities and
causes of reductions which apply to
each appropriation or fund.

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Agency _____

Date of submission _____

(000s omitted for dollar amounts)

	1953		1954		Change from Budget
	In Printed 1954 Budget	Revised Estimate	In Printed Budget	Revised Estimate	
Appropriations [or other obligational authority]	\$				
Supplemental appropriations (+) or savings (-) for 1953	\$	\$
Add'l sums available for obligation (bal., reimb., etc.)					
Average employment					
Ol cost					
Expenditures					

SUMMARY OF REDUCTIONS PROPOSED

Reduction Proposed in Personnel

Regular Temporary casual, etc.

Employment as of January 31, 1953

Employment as of July 1, 1953 as contemplated:

(1) In Printed 1954 Budget

(2) In revised estimate

Employment as of July 1, 1954 as contemplated:

(1) In Printed 1954 Budget

(2) In revised estimate

Reduction Proposed in Appropriations (or Other New Obligational Authority) for 1954

Amount

Reductions included on first line above:

Other than construction \$

Construction:

Projects not yet started

Going projects

Total reductions

Additional reductions under proposed legislation, not shown above